

Annual Report

by
**OBASKA
LAKE
MINES LIMITED**

Annual Report
YEAR ENDED DECEMBER 31, 1969

OBASKA LAKE MINES LIMITED

OFFICERS	W. W. DENNIS	<i>President</i>
	G. D. PATTISON	<i>Vice-President</i>
	R. D. BELL	<i>Secretary-Treasurer</i>
	J. P. BRISBOIS	<i>Assistant Secretary-Treasurer</i>
DIRECTORS	R. D. BELL	Toronto, Ontario
	J. P. BRISBOIS	Toronto, Ontario
	JOHN J. BURNS	Oshawa, Ontario
	W. W. DENNIS	Toronto, Ontario
	G. D. PATTISON	Aurora, Ontario
AUDITORS	NEFF, GOODWIN & Co.	Toronto, Ontario
TRANSFER AGENT AND REGISTRAR	NATIONAL TRUST COMPANY, LIMITED	Toronto, Ontario
HEAD OFFICE	34 ADELAIDE STREET WEST	Toronto, Ontario

Obaska Lake Mines Limited

34 Adelaide Street West
Toronto 1, Ontario

Directors' Report

To the Shareholders,
OBASKA LAKE MINES LIMITED.

Accompanying this report are the financial statements of your Company for the year ended December 31, 1969 with Auditors' Report thereon dated February 10, 1970.

During the past year the Company continued its policy of property reconnaissance and examination in various mining areas with the view to acquiring favourable exploration prospects.

As previously reported, a 22½% interest in a group of 100 mining claims located in the Mistassini Lake area of northern Quebec was purchased during March of 1969 because of possibilities of uranium mineralization. Considerable exploration work was performed by a major mining company on claims in the immediate vicinity without apparent success. For this reason and because of the high cost of exploration work in the area, no work was performed on the group of 100 claims referred to.

The group of 50 mining claims in the Mont Laurier area of Quebec in which your Company held a 50% interest was considered to be of no value and was allowed to lapse. Also, the Company does not intend to renew its option on the group of 8 mining claims in Galinee Township.

During the year the Company acquired an option on 24 mining claims and purchased an additional 30 claims comprising in the aggregate a contiguous group of 54 claims in the Ruttan Lake area, Granville Lake Mining Division in northern Manitoba, adjoining the Ruttan Lake property of Sherritt Gordon Mines Limited. A geophysical survey just recently completed on these claims indicated anomalous areas and it is planned to test such areas by diamond drilling.

Late in the year the Company acquired a group of 10 mining claims located in Berthier Township, Quebec. No work is contemplated on these claims until the general potential of the immediate area can be assessed through results obtained by others on adjoining claims.

During the first quarter of 1970 a group of 25 claims in the Sturgeon Lake area of northwestern Ontario was acquired by staking. This group of claims is located in the same geological structure as the property of Mattagami Lake Mines Limited and exploration work is planned to commence in the summer.

Early in 1970 the Company raised an additional \$52,500 through the sale of 350,000 shares of the capital stock. These funds, together with funds on hand at the year end provide the Company with ample working capital to carry out its planned exploration program.

On behalf of the Board,

W. W. DENNIS,

President.

Toronto, Ontario,
May 18, 1970.

Obaska Lake

(Incorporated under the laws of the Province of Ontario)

Balance Sheet

AS AT DECEMBER 31, 1970

Assets

	1969	1968
Current assets:		
Cash	\$ 4,354.48	\$ 12,428.39
Cash on deposit	56,777.93	70,044.11
Accrued interest	38.40	57.42
	<hr/> 61,170.81	<hr/> 82,529.92
Investments — at cost		
Shares in another mining company	59,851.24	59,851.24
Mining properties — at cost (Note 1)	16,001.00	1,251.00
Deferred exploration expenditure	30,481.55	30,225.09
	<hr/> \$167,504.60	<hr/> \$173,857.25

Audited

To the Shareholders
OBASKA LAKE MINES LIMITED

We have examined the balance sheet of Obaska Lake Mines Limited, the deferred expenditure and source and application of funds for the year ended December 31, 1970, and the accounting procedures and such tests of accounting records as we have deemed necessary in the circumstances.

In our opinion, these financial statements present fairly the financial results of its operations and the source and application of its funds in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, Canada,
February 10, 1970.

Mines Limited

(Under the laws of Canada)

Sheet

DECEMBER 31, 1969

Liabilities

	1969	1968
Current liabilities:		
Accounts payable	\$ 500.00	\$ 941.36

Shareholders' Equity

Capital stock (Note 2)

Authorized:	5,000,000 shares of no par value		
Issued:	4,377,505 shares	673,130.00	673,130.00
Deficit	506,125.40	500,214.11
		167,004.60	172,915.89
		\$167,504.60	\$173,857.25

Approved on behalf of the Board:

"W. W. DENNIS" (Director)

"G. D. PATTISON" (Director)

Report

United as at December 31, 1969 and the statements of deficit, for the year then ended. Our examination included a general review of and other supporting evidence as we considered necessary in the

Financial position of the Company as at December 31, 1969 and the for the year then ended, in accordance with generally accepted preceding year.

NEFF, GOODWIN & CO.,
Chartered Accountants.

Obaska Lake Mines Limited

STATEMENT OF DEFERRED EXPLORATION EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 1969

Galinee Township, Quebec	Balance December 31, 1968	1969 Expenditure	Balance December 31, 1969
Diamond drilling	\$22,933.72	\$	\$22,933.72
Travel and transportation	1,878.19		1,878.19
Engineering fees	1,500.00		1,500.00
Supplies	1,128.21		1,128.21
Geophysical surveys	895.00		895.00
Licenses, fees and taxes	879.38	256.46	1,135.84
Assaying	607.50		607.50
Linetcutting	244.49		244.49
Postage and telephone	111.20		111.20
Sundry	47.40		47.40
	<u>\$30,225.09</u>	<u>\$ 256.46</u>	<u>\$30,481.55</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1969

Source	1969	1968
Interest earned	\$ 3,910.22	\$ 4,503.08
Application		
Administration expenditure	7,051.05	7,088.53
Exploration expenditure	256.46	270.96
Option payments on mining claims	7,500.00	
Acquisition costs of mining claims	8,500.00	1,250.00
Prospecting expense	1,520.46	2,484.81
	<u>24,827.97</u>	<u>11,094.30</u>
Decrease in working capital	20,917.75	6,591.22
Working capital, beginning of the year	81,588.56	88,179.78
Working capital, end of the year	<u>\$60,670.81</u>	<u>\$81,588.56</u>

Obaska Lake Mines Limited

STATEMENT OF DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1969

	1969	1968
Balance, beginning of the year	\$500,214.11	\$486,849.75
Acquisition cost of mining claims abandoned	1,250.00	1,201.00
Exploration expenditure on mining claims abandoned	3,109.07	
Prospecting expense	1,520.46	2,484.81
Investment in mining syndicate	3,984.03	
Administration expenditure	3,140.83	2,585.45
	<hr/>	<hr/>
	5,911.29	13,364.36
Balance, end of the year	<hr/>	<hr/>
	\$506,125.40	\$500,214.11
	<hr/>	<hr/>

SCHEDULE OF ADMINISTRATION EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 1969

	1969	1968
Legal and audit	\$ 2,369.19	\$ 2,761.30
Administration fee	1,800.00	1,800.00
Shareholders' information and reports	946.93	1,106.19
Transfer agency fees	1,061.43	1,062.78
Postage and office expense	48.58	214.83
Government fees and taxes	124.92	103.92
Travel expense	27.00	
Sundry	100.00	12.51
Directors' fees	600.00	
	<hr/>	<hr/>
	7,051.05	7,088.53
Less: Interest earned	3,910.22	4,503.08
	<hr/>	<hr/>
Transfer to deficit	\$ 3,140.83	\$ 2,585.45
	<hr/>	<hr/>

Obaska Lake Mines Limited

NOTES TO FINANCIAL STATEMENT DECEMBER 31, 1969

1. Mining properties:

Option on eight mining claims in Galinee Township, Quebec at option cost. \$ 1.00

In order to fully exercise this option the Company would be required to incorporate a new 5,000,000 share company on or before March 31, 1970 to acquire the claims. The optionor would receive 350,000 of the vendor shares issued by the new company for the claims and would have the right to participate up to 15% in the financing of the new company.

Option on 24 mining claims in the Granville Lake Mining Division, Manitoba, at option cost. 7,500.00

In order to fully exercise this option the Company would be required to make further cash payments of \$7,500.00 on or before June 30, 1970 and \$15,000.00 on or before June 30, 1971 and to issue to the optionors, 450,000 shares of a new 3,000,000 share company to be incorporated, before September 30, 1971, to acquire the claims.

30 mining claims in the Ruttan Lake Area, Granville Lake Mining Division, Manitoba, acquired for cash. 5,000.00

10 mining claims in Berthier Township, Quebec acquired for cash. 1,000.00

22½ % interest in 100 mining claims in Lac Naococane Map Area, Quebec, acquired for cash. 2,500.00

\$16,001.00

2. Capital stock:

By an agreement dated January 19, 1970 an underwriter has agreed to purchase such number of shares of the Company's capital stock up to a maximum of 350,000 shares at a price to be determined (no less than 15 cents per share) to provide the Company with a net amount of \$52,500.00 cash.

The agreement provides that the Company must comply with the requirements of regulatory bodies having jurisdiction and further provides certain conditions under which the underwriter may cancel the agreement.

3. Directors and senior officers remuneration:

The aggregate direct remuneration paid to directors and senior officers was \$600.00 during 1969 and \$1,000.00 during 1968.